(Not to be destroyed) P

G. R. S. IX-5]

Previous references.

File No. 14-16

1916.

Serial Nos. 2-24

(G7.)

Later references.

P-55
E

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for

SUBJECT.

The Mysore Spinning & Manufacturing Co.^y Ltd.

States that he holds an enquiry for 5 Shares of the Company at Rs 25/- per Share ex-forthcoming dividend & that if the offer is acceptable to Mysore Govt. he will put the transfer forms to Govt.

To Messrs Spiers & Co.^s 7C/458 Dt 28-2-17

States that he may purchase the remg Shares for a price not exceeding 300 Rs per Share to Govt.

P 26.

W D 1250—GPB—30,000 28-1-19

GENERAL AND REVENUE SECRETARIAT.

(G.7)

NOTES.

File No. 14-16

FILE HEADING.

Mysore
The Spinning and Manufacturing Co., Ltd.

From

Mr D.N. Sirur, Bombay.

~~No.~~ Letter Dated 9.8.16 Received 12.8.16

Diary No. 406-16	Enclos. V Spare Copies.	Serial No. 2

BRIEF ABSTRACT OF LETTER.

States that he has holds an enquiry for 50 shares of the company at Rs 250 each ex forthcoming dividend of Rs 10. and that if the offer is acceptable to us he will put the transaction through and send the transfer forms.

NOTES AND ORDERS.

Fin[l] Secretary's order:-

A/S. Fri

I think we may sell. Put up a note. DD. 9.8.16

11/8

G. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 14 of 1916.

Serial No.

Submitted.

2 Reference is invited Para 3 of the Comptroller's letter 932/R.63 dt 3.8.14 from which it will be seen that Govt hold 150 shares @Rs 250 each in the Company, and that these Shares have already been ordered to be Sold.

A/ The file relating to the latter is not readily traceable.

3 Mr Sirur wants communication by wire, in case the offer is acceptable to Govt.

Put up 12/8

4. Previous references on desire the Sale of the Shares are not readily available. as the Shares are quoted at par & Premium and as there is no obligation to keep them Shares and as selling them does not Entail ~~any~~ loss of ~~rights~~ any privileges. they may be Sold.

Yes J. 19.8.16

5)

1) Wire as follows:- "Myssore please sell shares held by Government on most favourable terms above par";

2) Confirm by letter

3) Then trace the file at A and

4) Submit file to Dewan Saheb thro' proper channel.

21/8/16

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | S.7 File No. 14 of 1916.

Serial No.	
6	Submitted with a telegraph form duly filled up, and a draft letter for confirming the telegram. for DM 21/8 7 Issue both at once 21.8.16
8	To cash sects for note below of the issue of the telegram DM 21.8.16
9	Issued 4.20 P.M. M 21/8. 21/8
3	To Messrs N. Sirur & Co. No. 7E 1079 dt 22.8.16 Confirms the telegram dt 21.8.16 regarding the Sale of the Shares held by Govt.

NOTE—Contn. sheet.

4/21

G. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 14 of 1916.

Serial No.	
4	From Messrs N. Sirur & Co. Letter dt 22.8.16 Referring to telegram dt 21.8.16, state that 50 shares of Rs 250/ each have been sold at Rs 310 & that this rate works out to Rs 305 nett per share to Govt, after deducting Rs 5 per share as charges to be borne by the vendor
	10 Subd. The file on the subject has been sent to the Comptroller's office for referring to the G.O. directing the sale of the shares. 11 Submitted for information Ag 24.8.16
	12 Seen by Finl. Secy N 25-8-16 13 Send a copy of this letter to Comptr for information & for guidance & then link this to main file. Ag 26.8.16
	14 Draft Issued Ag 26/8 15 Issue at once. Ag 28/8.
5	To the Comptroller. No. F 1269 dt 29.8.16 Forwards copy of Sirur's letter for information & guidance.

NOTE—Contn. sheet.

GPB—70,000—17-12-15

406-ucl 1568

5

G. R. S. 12]

General and Revenue Secretariat. S. 7 File No. 14 of 1916

Serial No.	
	16 Resubmitted with reference to the Finl Secy order dy 21/10/16. The papers Sanctioning the Sale of the Shares, Obtained from the Comptrollers office, are put up.
F Lea	
	Asst 30/8
	30/8. 17. The following communication has since been received from Messrs Sirur & Co.
	From Messrs Sirur & Co Letter dy 28.8.16
	In continuation of their letter dy 22.8.16, forward ten Application forms and ten Transfer forms for their signing for signed by the Dewan in whose name the Shares stand, & returned to them along with the 50 Share certificates, so as to reach them on the 7th September.
	18 Subd for orders. A copy of the Company's letter dy 22.8.16 has been sent to the Comptroller for information & guidance. Mr Sirur has also been told d° that he may write to the Comptr and arrange for the payment of the amount & the delivery of Shares &c.
S.	
T	
Reply shown to Mr Sirur by Asst T.W.	Asst 2/9/16

NOTE—Contn. sheet.

PTO

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | 57 File No. of 191

Serial No.	
	19 Mr Somr wants 10 blank application forms and transfer deeds being signed by the Dewan and returned to him by the 4th Sept with the fifty Share Certificates. These may accordingly be submitted to the Dewan for being signed. The draft letter to Comp is put up as King has ~~will be as~~ referred to & send fifty Share Certificates. Reserve. Dy 2-9-46
	20 Will not H Seay's signature do? In whose name do the shares stand. M 4/9
	21 As the shares stand in the name of the Dewan the forms in question ten in number may be King signed by the Dewan. The circumstances under which signature is required to blank forms are explained in Mr Sims letter of 28th August. The forms when signed by the Dewan Saheb will be sent to Mr Sims personally by ~~cancelled~~ for Rs 50] registered & insured post. There will be no risk at all in this. M 4/9 Dewan)
	22 The Dewan has signed the twenty forms.

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. G.7. File No. 14 of 1916.

Serial No.

He will be glad if as much information as is possible is entered in the forms before despatch.

23 The Dewan ~~[illegible]~~ desires that the sale of further shares may kindly be stopped, pending a consideration of the whole question afsh.

By order

6/9/16 Shivpuricaiya

Done vide A below
7/9

24 Letter to Compy sending the signed forms may be issued at once and the file resubmitted.

6.9.16

To Comptroller

No. H 1467 Dated 6.9.16

Sends for being transmitted to Mr. Srinivasa 10 transfer application forms & 10 transfer deeds duly signed by the Dewan & also Copy of Mr. Srinivasa's letter dt 28/8/16.

Subd.

25 A telegraph form duly filled up as in margin & a draft letter Confirming the telegram are put up.

Hon. DMN 7/9/16

26 The telegram received by the Compy intimating the sale of further 70 shares is also subd for information. Draft telegram & letter are put up

A

Reserve

7-9-16

7/9

P.D.C.

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | G. 7 File No. 14 of 1916.

Serial No.

x Telegram sent
MM
7-9-16

27 After despatch of letter & telegram A/S will please put up a brief note shewing why it is unnecessary for Govt to hold the remaining ~~50~~ 30 shares & how the present share boom in Bombay is a favourable opportunity of unloading the lot in the market.

M

28 Resubd & resubmit
7/9.

To Messrs N Sirur & Co Bombay
No: H 1480 dated 7.9.16
Acknowledges receipt of telegram
of 6.9.16 sent by them to the Comptroller
and Confirms telegram sent to them
today to the effect 'please stop sale of
further Shares'

29 Resubd.
MM
7.9.16

30 Govt had 150 Shares in the Company till About a few months ago they were quoted at a discount. But recently owing to the exceptional conditions of the Bombay Share market the price of a Share of 250 has gone up to 315.

Price on 13.7.14	241 4/240
Price on 26.7.16	245
" 16.8.16	245
" 30.8.16	315

Price for which 50 Shares have been sold is Rs 305 net each share. Such an opportunity never occurred in the past

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. 97 File No. 14 of 1916.

Serial No.

and is not likely to be found again If we are to sell the shares we could not have got a better opportunity. As has been stated already there is no objection in retaining these shares as the right of Govt to have 2 Directors is independent of this and depends on the loan of 3 lakhs given to the Company by Govt.

A

31 Mr. Sirur has wired to the effect that 70 more shares have been sold.

B

32 As directed he has been wired not to sell any more. The number of shares remaining is thus 30.

Now 7.9.16

Please

8.9.16

33 Please make sure about A. Mr Sirur says that we must hold 20 shares for appointing two Directors. The agreement will make this clear.

34 B. It appears that not 70 but 80 more shares were sold & the number left is 20 not 30. Please ascertain definitely.

35 Article 6.6. of the articles of the

NOTE—Contn. sheet.

GPB—70,000— 17-12-15

Jm 366 c/16

G. R. S. 12]

General and Revenue Secretariat. | G. F File No. 14 of 1916-17.

Serial No.

Association requires each Director to hold in his own right at least 10 Shares. Mr Somr is apparently referring to this article. This does not however apply to the Govt Directors who are appointed under the agreement which does not require any Shares but runs as follows:- "during such time as any money shall be due by the Company to the Govt; the Govt shall have the right to nominate and keep two Directors and one Auditor, the other Directors and Auditor or Auditors being appointed by the Company in terms of its Articles of Association". ~~Part of the~~ This point does not however require further discussion, as Govt do not want to sell more Shares.

36. Mr Somr has apparently sold 130 Shares before the telegram asking him not to sell any more reached him. This is borne out by ~~the~~ his letter to the Compy dated 7.9.16 and his telegram dated 8.9.16. This may be now submitted to the Dewan for information

(Sd) Dewan

12/9/16

1584
15.9.16

NOTE—Contn. sheet.

GPB—70,000—17-12-15

37 G. J. 14 of 1916. 17. Sale of Shares in the Mysore Spinning & Manufacturing Company, Bangalore

38 Before passing orders on the case, the Dewan desires the Apptt. and Financial Secretary to be so good as to favour him with a note giving a brief history of the Mill from the time it came into existence what all has been done for it by the Government what help Govt. have given or been giving to it & what returns Govt have received for all the help rendered.

39 The Dewan wishes also to know how many of the Share holders are local gentlemen & how many outsiders — & what shares Govt. hold & how many of them have been sold up to date —

B. V. Lakshmana Rao
19.9.16.

B. Shamanna Esq
Apptt Fin Secretary
Branch II

Br II

40 A note is put up to Dewan

Dewan

HV 11 22.9.16.

D 1974

N. SIRUR & CO.

Telegrams: "CHAMUNDI."

Bank Street, Fort,

Bombay, 22nd. February 1917.

Dear Sir,

I thank you for your letter of the 8th. instant, asking me to suggest some means by which the people of the Mysore State may become largely interested in the Mysore Spinning and Manufacturing Company Limited. The dealings of the Company with the public may be summarised under four heads viz :-

(1) Buying raw material and selling finished goods or what may be called the commercial side of the business.

(2) Labour.

(3) Expert Knowledge, and

(4) Capital.

As regards (1), over sixty per cent of the raw material required by the Company is bought in the Mysore State. Similarly over seventy five per cent of the yarn and cloth manufactured by the Company is sold in the province. For the balance of the Company's requirements of raw material, outside markets are to be sought because the necessary materials are not available in the State. Similarly as regards finished goods only what remains after supplying the local wants is sold outside the province. Since the bulk of all these operations are made in the State the tradesmen's profits accruing therefrom go to the people of Mysore.

As regards (2) Viz. Labour, all of this is drawn from amongst

amongst the population of the State or from amongst the people of neighbouring districts who have settled in the State.

As regards (3) Viz. Expert Knowledge representing only about a fifth of the total expenditure in salaries and wages the local talent of the province has been and is being availed of whenever and wherever it has been available; and we have been in our humble way co-operating with the Government in their desire to promote technical education in the State by training students sent by Government to the Mills.

In the case of (4) Viz. Capital, it is true that the capital of the Company held in the province is not as large as one would wish. How to attract capital into channels of profitable industries is a complex and difficult question which is exercising the minds of those who are interested in the industrial development of India. All that a Joint Stock Company like ours can do in this matter is to foster and strengthen the confidence of the investors, by so arranging their finances that a reasonable and steady return is ensured on the investments even in times of industrial depression. We have persistently been following this policy and have we believe, at least to some extent, impressed people of the province with the wisdom of employing money in remunerative industries.

It may not be out of place to state here that the Mills belonging to the Company were built so far back as 1884 by a Joint Stock Company established in the Mysore State with its Directorate and Registered Office in Bangalore, with the object of interesting the people of the State in cotton industry. But it appears that this Company

Company had soon to be wound up as it could not find the necessary capital to keep it going. The present Company was then formed in Bombay in 1894 with an authorised capital of seven lacs of rupees, to take over and work as a going concern the property and business of the old Company. From the old records of the Company I find that this new Company offered preference, in the allotment of its capital, to the shareholders of the old Company but the offer was not responded to except by the Government of Mysore, and a very few shareholders of the old Company. When we took over the Agency in 1904 the subscribed capital of the Company was only Rs.4,23,370/- as against the authorised capital of seven lacs. For nearly eight years the subscribed capital stood stationary. In 1912 some of the old creditors of the Company who appreciated the satisfactory working of the Mills and realised its future prospects, applied for and got allotted in satisfaction of the debts due to them, shares of the Company, at par, out of the unallotted capital, with the result that the subscribed capital of the Company came up to Rs.4,95,000/-. Subsequently the Directors sent a circular to the shareholders inviting subscription to the unallotted capital to the extent of Rs.1,00,500/- so as to bring the subscribed capital to six lacs. But this offer was availed of by the people of the province only to the extent of twenty shares of Rs.250/- each and that too by one or two cloth and cotton brokers of the Mill by my pursuasion. The nett result of this appeal was that the subscribed capital of the Company was increased to Rs.5,46,000/-. I still doubt whether the Company would have been able to dispose of the remaining capital even now, if the location of the Registered Office of the Company in Bombay had not enabled it to tap the investing public on this side. The Company has now all its authorised capital fully subscribed which has enabled it to

to make some most needed improvements and additions to the property which when fully completed are expected to enhance materially the earnings of the Company. I think the Company has given every opportunity to the public of Mysore to secure for themselves the unallotted capital of the Company from time to time.

The present position of the Company is a sound one and has been recognised as such by the shrewd investing public on this side, particularly by the present shareholders. I appreciate the anxiety of Government to interest the Mysore public in the affairs of the Company. But I do not know how a proportionate portion of the capital of the Company may now be made tenable by them, unless the Government buys, (a) as opportunities present themselves, shares of the Company in the open market and distribute them amongst their subjects.

If however it is the desire of the Government to have a Mill Company of which the capital should entirely belong to the public of Mysore State, with the Registered Office and the Directorate in the State itself, we shall be glad to place our experience at the disposal of such a Company. In this connection I would suggest that a Company (b) be formed with a share capital of say twelve lacs consisting of shares of small denomination say of Rs.50/- or Rs.30/- each so that same may be accessible to the poorest subject of His Highness. Of course it cannot be expected that this capital would all at once be subscribed. But when the Mill is constructed and begins to earn and pay dividends I have no doubt that the demand will come from the general public. It is therefore necessary that, in the intervening period, Government should hold the unsubscribed capital and dispose of it as demand arises. If such a scheme commends itself to Government our firm will be glad to

to float the Company, construct the Mill and work it to the best advantage of the Company on any reasonable terms of remuneration, during such time as our services may be required. The success of such a concern being dependent much upon the location of the Mill we should be given the liberty of choosing a suitable place in the province.

Yours sincerely,

D. N. Sirur

Dewan Bahadur

J. S. Chakravarti.

BANGALORE

A brief history of the Mysore Mills

The Maharaja of Mysore Spinning and Manufacturing Co Ltd was established in the year 1883. The Govt with a view to encourage this local industrial concern purchased therein 250 shares of Rs 100 each. The Company went into Voluntary liquidation in Nov 93 and a new Company, viz the present Mysore Spinning and Manufacturing Co Ltd was then started in its place in Febr 94. The shares held by Govt in the old Company were then converted into shares in the new Co but in consideration of the poor financial condition of the old Company at the time of liquidation

only Shares of Rs 50 each were received in the new company in place of 100 Rupee Shares in the old one.

In addition to the Shares of the Value of Rs 12,500 to obtained 500 more Shares of Rs 50 each were also purchased in the new Company as a sort of encouragement to it. Thus the Govt. held 750 Shares of Rs 250 each which were Subsequently Converted into 150 Shares of Rs 250 each, the total Value remaining the Same and amounting to Rs 37,500.

43 Owing to the Company not declaring any dividend the Shares in the Company had till 1913 no market value the quotation being only nominal, about Rs 50 for Shares of Rs 250 each. The result of the last few years working of the mills being very favourable, a dividend of 6% was declared in each of the years 1913, 1914 & 1915 and of 7% in the year 1916.

44 Out of 150 Shares held by Govt 130 Shares have recently been sold each for Rs 305 net and only 20 Shares remain unsold.

P.T.O

45 A loan of Rs 2 lakhs
in 1888 and of ½ a lakh
in 1890 at 6% interest was granted
to the old Company upon
a mortgage of the mills.
The debt due to Govt
by the old Company
at the time of its
liquidation was Rs 215,900.
This had to be repaid
by the new Company
by annual payments
of Rs 21,500. From
each such payment
the interest due had
to be first deducted
& the balance applied
towards reduction of
the principal. The
rate of interest
was reduced from
6 to 5% in 1894.

46 In 1904 there was a new agreement between the Co. & Govt. ~~by~~ under which Govt. had to advance all necessary funds from time to time for the working of the mills ~~of the Company~~ on the security of the floating stock of the mills. Though the Govt advanced for working Capital a sum of Rs 1,49,452 still it was represented ~~found~~ in 1911 that the requirements of the mill in respect of working Capital were not at times, owing to the exigencies of the mill industry as fully met as might be desired. On the other hand Govt did not

consider it desirable to advance further sums on this account. As no repayment ~~was~~ had been made either towards principal or interest - till 1911 it was found necessary to place the financial relation between Govt and the Co: on a more satisfactory basis.

In 1912 the Govt released their lien of the whole of the floating stock of the mills (security for the working capital advanced) under the following Conditions

1. They gave up ~~would forego~~ the right they had under agreement of 1904 to $\frac{2}{3}$ of the Company's profits for 5 years to enable the Company to improve their financial position & re-establish

their credit so as to enable them to issue their unissued shares or to place debentures on the market.

The Company agreed to ~~pay~~ Consolidate all the debts due to Govt., viz Rs 396,555-11-6 into a single loan & paid back to Govt. Rs 96,555-11-6 out of the Consolidated loan.

The buildings & machinery then existing and to be added were held as security for the balance of the Consolidated loan, namely Rs 3,00,000.

Interest was to be paid on the Consolidated loan thus secured at 4%.

The Govt had the right to appoint two Directors one the acting Managing Director

at Bangalore &
the other at Bombay
and also to nominate
one Auditor for the
purpose of auditing
the accounts of the
Company.

48 According to the
Agreement of 1912
Govt have a right
& demand ~~$\frac{2}{3}$ of~~ subsequent to 1916.
the net profits of the
Co: towards the
discharge of the loan.
A years previous
notice is to be
given to the Company if this is to be demand
The advisability of
the issue of such a notice
is being discussed separately.
~~Accordingly~~
The entire loan is to
be repaid before 1925.
The Co: has been paying
interest regularly
from 1913 without arrears
The list of shareholders
Date 22/9/16

is not furnished by Govt
and it is therefore not
known how many are
local men & how many
outsiders. If considered
necessary, the Company
will be asked to
furnish this information

50 Govt had 150
Shares out of which
130 have been sold.
~~The Company~~ ~~The balance~~
The remaining 20
will not be sold.

S Shanmuga
22.9.16

Dewan)

1744
22.9.16.

17

1646
29.9.16

REPLY.

(*To be written on this margin.*)

mis 235-16
E & A.

Office of the Dewan of Mysore.

NOTE.

Dated....28th Sept.r.....191 6.

51 The accompanying file of papers relating to the sale of 130 shares held by Government in the Mysore Spinning and Manufacturing Co., Bangalore, is forwarded to the Secretary, E. & A.

52 The questions raised in the file have to be discussed from the point of view of the development of ~~the~~ Industries and Commerce ~~Department~~ in the State.

53 I shall be glad if the Secretary, E & A., will kindly study the position and favour me with a note on these proposals, if necessary after personal discussion with me, within twenty days.

28-9-16

The Secretary, E & A.

54

Please see the other file here which I sent to Mr. C. A. Sahib on May for a note & movement

37/9

55

Mr. Srinivas has been authorised to sell the shares and has done so in pursuance of the authority given to him. It is not possible to withdraw from the contract now. The mill is practically an asbestos concern. The local people take no interest in it. Nor are they prepared

29/9

G. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 14 of 1916.

Serial No.	
	from the enquiries I have made to purchase the shares at their present market value. It is not usual in any joint Stock concern to place a limitation on the disposal of the shares for the stability of a concern depends to a great extent upon the ease with which the shares can change hands. In some cases where such renders any financial assistance to a concern a condition is sometimes imposed that a certain proportion of the capital should be raised locally but no such condition has been stipulated either when the original loan was given & shares taken or at the subsequent consideration when the original company had gone into liquidation. So I submit from the file that the Complr obtained permission so far back as the 11th Feb 1913
	May 7

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

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	to sell the shares upon a favourable opportunity occurring. It was not possible at that time to anticipate what turn the share market would take and the shares now held are too few to have much effect either way whether Govt decide to retain or sell them
	57. We only foresee that can be brought upon the Company at present is that $\frac{2}{3}$rds of the net profits should be applied towards the discharge of the loan. Such a measure while it may be necessary to recover the loan is not calculated to increase the local interests in the mill.
	58. The Ingrave Spinning and Manufacturing Company at present can be made into a very profitable concern if its weaving department can be extended as it now has more spindles than looms. But it is proposed to start a cotton mill in Ingrave it does not seem desirable to give further financial assistance

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 14 of 1916.

Serial No.

Is this concession so as to develop this portion of the business — But should first be inclined to veto the proposal favourably I can discuss the matter further and see what can be done to extend the concession so as to give some preference to local timber in the mill.

Sir
8/10/16

POTD

NOTE—Contn. sheet.

GPB—70,000—17-12-15

Fr
1744
22.9.16.

The Dewan has signed the twenty transfer forms.

The main file with the Assistant Financial Secretary has been sent to the Secretary E & A for a note on the proposals.

1872

28.9.16.

Fin. 414 of 16

No. Budget 189

U R G E N T.

59 The enclosed 20 transfer forms relate to the recent sale of 80 shares held by Government in the Mysore Spinning and Manufacturing Company Limited, Bangalore. These forms were personally handed over to me by Mr. D. N. Sirur and they are wanted back in Bombay before the end of September 1916. It is therefore requested that Dewan's signature may kindly be obtained and the forms returned early.

1744
22-9-16

Offg: Comptroller.

Bangalore,
Dated, 22nd September '16.

To
The Financial Secretary to
the Government of Mysore,
B a n g a l o r e.

60 22/9/16 The file relating to the Sale of shares is put up. These Sales were effected before the telegram asking Mr Sirur to stop further Sales was received by him - There will be no more Sales. The forms may be signed

61 Dewan The principle of the transaction seems wrong. The auctions of 1913 [illegible] 22-9-16.

as F.I. Sec. intends to be here till the 30th and the forms are required before the end of the month, they are submitted herewith for his initials

22/9.

[G. R. S. 12]

General and Revenue Secretariat.

S7 File No. 14 of 1916.

Serial No.	
62	The Signed forms have been given to Mr Venkatarubbayya Asst Supdt Compts office.
63	After getting the papers from Sec? E & A, this file may be subd to Govt for being brought up at a meeting of the Council. 29/9.
64	The file of papers has been since received from the Sec? E & A and is herewith submitted as per orders of the Dewan dated 28.9.16 Govt 7/ 7.10.16

P.T.O

NOTE—Contn. sheet.

GPB—70,000- 17-12-15

G. R. S. 12]

General and Revenue Secretariat.

G 7 File No. 14 of 1916.

Serial No.	
1235-16 E&A	67 Dewan's orders in Council on 30-10-1916. The file may be returned to the Secretary, E.& A. for submission to the Dewan. Dewan 31/10
2831 3/11/16	68 The Dewan would the Fin Secretary to explain the case to him. Mr. B.V. Lakshmana Rao will kindly arrange for the same — As regard the larger question regarding the restrictions to be imposed against imposition Court industrial concerns in the state being domiciled by outside capitalists, I am studying the question separately for 31/10 Mr. B.V. Lakshmana Rao 31/10/16
	69 I shall be glad to discuss the question with Messrs. Fin Secretary at 3-30 pm on Friday the 17th inst. if the hour be convenient to him. 15.11.16.
10 E&A 916-17	70 To Fin Secy for 16/11
2831 3-11-16	71 If the Fin Secretary has no objection and if as I understand the shares can be repurchased with profit; he may kindly do so. 11.11.16 To Fin Secy for Dewan

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | G.T File No. 14 of 1916.

Serial No.

73 I have asked Mr Simm of Bombay to buy 120 shares for us at Rs 260 or less each if possible within the next three months. Please put up this case every month in the first week.

74 Subject noted. Please note & pay.

75 Subd as ordered.

Hickey). 16/1/17.

76 The following communication on the subject is received today.

14 From Mr D N Simm, Bombay

Letter Dt 16.1.17

States that there are at present chances prospects of getting about 30 to 40 shares at about Rs 300 nett to the purchaser, and that this is a good opportunity for Govt to pick up these shares as they are offered at a lower rate than the price realised for their last holdings.

Financial Secretary's order =

77 I think the Dewan has desired that the shares should be got back. If so please issue necessary instructions today.

Please see Dewan's orders dt 11/1/17 on last page.

NOTE—Contn. sheet.

No J.S.C 18/1/17

GPB—70,000—17-12-15

G. R. S. III-2]

General and Revenue Secretariat. | S.7 File No. 14 of 1916.

Serial No.	
	78 Please see Dewan's order dy 11.12.16 on page 24 regarding the repurchase of the Shares. Mr Sinw has explained in para 2 of his letter that this can be done with profit. Subd with a draft for orders. (Seen). 18 (18.1.17)
	19.1.17
	79 Issue and then submit to Dewan for sgn 18 19.1.17
+Issued 20/1	
15	To Mr D. N. Sinw, Bombay. H 4076 dy 20.1.17 Requests Dr Mr reg to above Ser: Letter to be so good enough as to kindly take the necessary action for effecting the purchase of the Shares, shares on behalf of Govt To The Comptroller H 4075 of 20.1.17
80	Recd the above Subd to Dewan for information. 21/1/17 18 22/1/17
4219 23.1.17.	
	81 Seen 23.1.17

NOTE—Contn. sheet.

P.T.O

WD 1233—GPB—60,000—1-12-16—S.

27

G. R. S. III-2]

General and Revenue Secretariat. | G.T. File No. 14 of 1916.

D 1648

C. INDIAN TELEGRAPHS.

NOTICE.
This form must accompany any inquiry made respecting this Telegram.

Charges to pay. Rs. As.

Office Stamp: BOMBAY 23 JAN 17

Handed in at Office of Origin	Date	Hour	Minute	Service Instructions	Words
Bombay P	23	13	18		32

Read. here at 15 E. 19 M

TC

Dewan Bahdur
Chakravarti Financial
Secretary Mysore Government
Bangalore

32

Your letter 20 bought forty shares rupees 300. each kett may we buy further if any available wire requirements if any = Sirur =

N. B.—The name of the Sender, if telegraphed, is written after the text.

Gulab Singh & Sons, Calcutta—

G.T. 14-16

The file since recd. on 24-1-17.

83 Submitted. The file on the subject was submitted to the Dewan today for information, after issue of the letter to Messrs Sirur & Co regarding the purchase of the shares referred to above.

Asst Secy 23/1

84 Attention is invited to the Dewan's order of 6.1.17 and also of Secy of 10.1.17 in file listed. page 8.

Secy

85. 18 23.1.17.

(1) Please note how many shares we have sold and at what price

(2) Please put up the despatch order of Dewan

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

1646

General and Revenue Secretariat. | G.7 File No. 14 of 1916.

Serial No.

to buy back the shares if it can be done without loss.

(3) Put up a draft to Messrs Simm & Co asking that the remaining number shares may be bought back at a price not exceeding 300 net Rs.

M
24/1/17

46
24/1

Submitted.

Flags
(A) M, O, P

(1) 130 Shares (A) at Rs. 305 nett.

(2) Please see Dewan's order dt 11.12.16; para. 71. Supra

(3) Draft put up

ASC 24/1 MM 24/1 (Keys). 18 24.1.17.

M
24/1

47 Issue
18
25/1

17 To Messrs N. Simm & Co: Bank St. Wdc reg No Sr 15 H 4129 of 25.1.17
Request to be so good as to buy back the remaining 90 Shares at a price not exceeding Rs 300.

" To The Comptroller & Gen
H 4130 of 25/1/17
Forwards Recd copy of the above for information & necessary action

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

1648 1177-1773

G. R. S. III-2]

General and Revenue Secretariat. | G.7 File No. 14 of 1916.

Serial No.

88

Submitted for orders as to whether the file should not be sold to Dewan for information.

Asst Secy 29/1 89 Yes, after his return from Bombay

Dewan) 29.1.17 18

4365 30.1.17.

90 Seen

8.2.17 Asst Secy 18 8/2

ASR 21 From Messrs Smith, Co.

Letter dt 30.1.17.

Acknowledge receipt of ltr no 15 & states that 8 shares were bought at 300 nett on 29.1.17

22 From —do—

Letter dt 1.2.17.

State that 22 more shares have been purchased at the rates noted in the margin & that the remaining 60 shares will be purchased as opportunities present themselves of buying them at advantageous prices.

× 6 at Rs 300 nett
11 — " 297 —
5 — " 294/8 —

Submitted A fair Account has been rendered. Please put up a note explaining (i) how many were originally purchased (ii) how many were sold and at what rate, and how many shares remain therefore. 8/2

NOTE—Contn. sheet.

1738 Co

ND 1233—GPB—60,000—1-12-16—S.

General and Revenue Secretariat. | G.7 File No. 14 of 1916.

Serial No.

24 From Messrs Simpson

Letter dt 7-2-17.

Intimate the purchase of further ten shares at Rs 294-8-0 nett to-gast.

92

(i) Number of shares required to be purchased = 130

(ii) Shares purchased so far are as follows:—

54 Shares at Rs 300 nett to-gast.

11 " " 297 "

15 " " 294/8 "

(iii) Number remaining to be purchased = 50.

Asst 12/2 93. Secy

9.2.17

From messrs Simpson

Letter dt 11-2-17.

25 Intimate the purchase of ten more shares at Rs 294-8-0 nett cum dividend, and state that unless they are permitted to buy the remaining forty shares at the maximum rate of Rs 300 nett to-gast ex dividend, the chances of getting further shares are a little remote

G.7 Finl Secy's order on the letter:

Asst Secy, Finance.

Issue instructions as at A, if covered by Dewan's orders.

to GSC

19/2

Not printed in the letter.

NOTE—Contn. sheet.

ND 1233—GPB—60,000—1-12-16—S.

1830 F 1916

G. R. S. III-2]

General and Revenue Secretariat. | G.F File No. 14 of 1916.

Serial No.

Submitted.

95 The Dewan's orders on the point are contained in para 71, Supra.

96 The rate at which the 130 shares were sold is Rs 305® nett, and the rates at which 90 shares have been purchased so far are given in para 92 above. The present communication quotes Messrs. Srinivasa, and vary from Rs 294/8 to Rs 300 nett cum dividend.

® ex dividend.

97 The maximum rate mentioned now mentioned, viz Rs 300 net, ex dividend, will bring in a profit of Rs 5 per share for 40 shares. A draft to the Company authorising the purchase of the shares at the said rate is submitted accordingly.

23/2

Issue

24.2.17

26 To Messrs N. Srinivasa &c:

Yr 4758 of: 28.2.17

With ref to above Sir: States that he may purchase the remaining shares at a price not exceeding Rs 300 nett to Govt.

NOTE—Contn. sheet.

PTO

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2

2266
2267

General and Revenue Secretariat. | S-7 File No. 14 of 1916.

Serial No.

From Messrs Sirur & Co.

Letter dt 15.3.17

Intimate the purchase of further 10 Shares of the Spinning Mills Co Ltd at Rs 290-12-0 nett to-day, bringing the total no. purchased to 100.

Subd. The main file is before the Finl Secy in connection with certain proposals of Mr Sirur

AAL 17/3

Nil might be noted in Cmtee

19.3.17

H Secy

24/3

Folio link with the main file read today with orders pass H Secy 25/3

From Messrs Sirur & Co

Letter dt 23.3.17

Intimate the purchase 10 more Shares at the rate of Rs 288-8-0 each nett, bringing the total purchases to 110 Shares against 130 ordered.

Subd

AAL 27/3

Read back with the main file today

AAL 19/5/17

NOTE—Contn. sheet.

Victoria Buildings,
Fort, Bombay.
23rd December 1913.

Dear Mr. Chakravarti,

After I saw you at Mysore in October last, I had to go to Hyderabad and Aurungabad and I was able to take up the matter of the Mysore Spinning and Manufacturing Company Ld., referred by you to me for my opinion, only on my return here last month. Enclosed, please find my memorandum on the subject, which is fully explanatory. I have nothing further to add to it here.

Regarding the other matter that you referred to me per your Demi Official letter No. 119 B & R 308 dated the 22nd Septr. last and regarding which we had a conversation at Mysore on the 8th October last, I think the present time is a very bad one for successfully accomplishing the object you have in view. The present financial crisis in Bombay has induced a state of panic in the money market here, and there is consequently a general depression in the Share market. It would be inadvisable, therefore, to attempt to dispose of the shares held by the Government, for some months to come.

Yours sincerely,

K S Ramaswamy Iyer

Enclosures:- Memo on the subject of increased remuneration sanctioned by the Mysore Spinning and Manufacturing Company Ld., to its Agents, Messrs. N. Sirur & Co.

Memorandum on the subject of The increased remuneration sanctioned by the Mysore Spinning and Manufacturing Company Ld., to its Agents Messrs. N. Sirur & Co.

------O-------

The questions referred to me for my opinion are:-

1. Has the Government of H.H. the maharaja of Mysore the right to veto the increase of remuneration granted by the Company to its agents;

2. Is it advisable, in the circumstances of the case, -- that the said Government should excercise such right if -- they did possess it.

I have studied the records pertaining to the subject in the Company's office here and given my careful consideration to the questions propounded. The conclusion I have come - to is that my answer to both questions must be 'no' for the reasons stated below.

The only ground upon which the Government could perhaps claim a right to interfere in the present arrangement between the Company and its Agents is contained in clause 2, Sections (a) & (b), of the original Scheme of Arrangement between the Company, its Agents, its unsecured creditors and the Mysore Government that was finally approved by the Company at an - Extraordinary meeting of its Shareholders held on the 28th day of November 1903 and formed the basis of the subsequent Agreement between the Company and the Government dated the 15th day of October 1904. The said clause provides that the Agents' annual remuneration should be 5% on the gross annual profits made by the Company until all debts due by the Company to its then secured and unsecured creditors should have been paid in full with interest and that, after the payment of the aforesaid debts, Messrs. Sirur & Co., should receive the same remuneration as Messrs. Chrystal & Co., would have

received

received under the Articles of Agreement between them and -- the Company dated the 5th day of January 1895.

No doubt, if the said scheme were in esse, the -- Governemt could interfere in the matter, in as much as it continues to be the secured Creditor of the Company. But I beg to submit that the said scheme is no longer in existance, having been superseded and replaced by the revised scheme adopted by the Company at an Extraordinary meeting of its Shareholders held on the 29th day of July 1912, after the terms thereof had been previously approved by the unsecured creditors of the Company and the Government of Mysore who were parties to the original scheme dated the 28th November 1903. His Highness's Government has further cancelled in explicit terms, the original agreement between the Company and itself dated the 15th October 1904 of which the said original scheme formed a part, by the Reconveyance & Release dated the 7th day of December 1912 and executed by the Government in favour of the Company (vide page 8 of the Reconveyance in original). Thus the provisions of the -- original scheme are not in force since the 29th day of July 1912.

And the New Indenture of Mortgage dated the 7th day of December 1912, which is now the sole instrument defining the relations between the Government and the Company, contains no provision empowering the Government to interfere with the internal economy of the Company, excepting such limited control and supervision as may be exercised by its accredited --- representatives on the Board of Directors of the Company.

I was present in my capacity of the nominee of - H.H.'s Government on the Board of Directors of the Com at both the meetings of the Board held on 30th May 191

and

and 2nd June 1913 to consider and pass the resolution --- sanctioning the revision of the scale of remuneration payable to the Company's agents.

And not having any instructions to the contrary, I voted in favour of the said resolution, considering that the terms proposed were but reasonable and that the Government had no legal right to interfere in the circumstances stated above. I understand that the Comproller to His Highness's Government did not raise any objection either, when a copy of the proceedings was sent to him for his approval in the usual course by the Company's agents. Not only so, but he even replied to the Company's Agents that he had no objection to the revision of the Agents' remuneration if the general body of the Shareholders were agreeable thereto. Vide the Comptroller's letter No. 867 B.R.123 dated the 6th August 1913 replying to the letter of the Company's Agents dated the 4th June 1913.

I submit, for the reasons above stated, that the Government of His Highness ~~and~~ the Maharajah has no locus standi whatever to interfere in the matter at this stage.

Before I pass on to the second question proposed, I may be permitted to draw the attention of the Government to the second paragraph of the Report submitted by the Chairman of the Board of Directors of the Company to its shareholders along with the notice convening the Extra-ordinary General meeting of shareholders that passed the resolution amending the Articles of Association as regards the Agents' remuneration, what is stated in the said para is borne out by the correspondence between the Government and the Company leading upto the original scheme of arrangement dated the 28th day of November 1903.

Letter dated 25th September 1902 from the Secretary

to

to Government to the Company's Agents refers to the recommendations of a Committee of Investigation appointed by the Government. Para 5 thereof refers to the remuneration -- payable to the Company's agents and says it should be fixed at the rate of 5% per annum on the gross profits made by - the Company until Government cease to finance the Company for its working capital. The agents of the Company replied to the Government making certain counter-proposals, which however did not touch the question of the Agents' remuneration . The modifications suggested by the Agents were disposed of in Government Proceedings and order No. F.L. 939 dated 24th September 1903, which also did not refer to the question of the Agents' remuneration.

It is thus clear from this correspondence, that the intention of the Government all along was to keep the Agents' remuneration reduced as recommended by their Committee of Investigation, only so long as it ~~xxxxxxxx~~ continued to - finance the Company for its working capital. The scheme that was eventually formulated & adopted, however, by some oversight, apparently, went beyond the intention of the Government as expressed in their said letter of the 25th September 1902 and attached a larger limitation of time to the reduced remuneration payable to the Company's agents. Clause 2 (a) of the said scheme fixed the Agents' remuneration at 5% on the gross profits "until all debts due by the Company to its present secured and unsecured creditors shall have been - paid in full with interest", whereas the intention of the -- Government was only that the Agents should be paid 5% on -- gross profits until the Government ceased to finance the - Company for its working Capital. At the period referred to, the Company was on the point of going into liquidation ~~and~~ and the benign Government of His Highness the Maharajah was graciously pleased to agree to finance the Company on very favourable

favourable terms. The only object the Government could have had in imposing any restrictions at all upon the amount of remuneration payable to the Company's agents would have been to safeguard itself while it financed the Company for its working Capital. And now that it has ceased to do so, I submit, with due deference, that, in my humble opinion, the Government should not, upon Equitable grounds, take advantage of an apparent mistake in drafting the original scheme of aggangement dated the 28th day of November 1903.

Having answered the first question put to me and stated in extenso the reasons for my answer, I now proceed to deal with the second question.

In my humble opinion, His Highness's gracious Government should not interfere in the matter, even if they had the legal right to do so and I submit the following considerations in support of my opinion.

It has to be remembered that Messrs. Chrystal & Co., the former Agents of the Company, declined to continue to act in that capacity on the reduced remuneration proposed. It was than that Messrs. N. Sirur & Co., the present Agents of the Company, were appointed in the place of Messrs. Chrystal & Co.

Messrs. N. Sirur & Co., took up the Company's agency at a critical period of its existence and they had an up hill task before them. The production of the Company's mill was very low and the Company had been making losses. There was a sum of Rs.1,09,181-4-3 to the debit of the Profit and Loss Account on 29th February 1904 and the shares of the Company were being quoted inthe Bombay market at the nominal price of Rs.55/- each. Now the production of the Company's mill is very good, and the Company is making handsome profits, and there was a sum of Rupees 37,192-7-11 to the credit of the Profit and Loss account on the 28th February 1903, after wiping off all the old debit balance. The Company was able

to

to declare a dividend of 6% last year and the shares are now quoted in the Bombay market at Rs.265/- each, but I am informed that there are no sellers even at that price. The Depreciatinn Fund which stood at Rs.85,000/- on the 29th February 1904 was increased to Rs.1,27,665-4-6 on the 28th February 1913. Considerate amounts have, besides, been spent annually on replacements, repairs, and renewals of machinery and the present -- state of efficiency of the Company's machinery is very satisfactory and assures continued good profits in the future. A far more comprehensive survey of the past and the present -- conditions of the Company was taken by its experienced Chairman Mr. V.S.Rodrigues, in the excellent resume of the Com-- pany's operations that he included in his address to the Company's shareholders at their General meeting held on the 11th August 1913, and I may be permitted to refer the -- Government to the same.

This successful achievment has been possible only because of the zeal, energy and ability that Messrs. N. Sirur & Co brought to bear upon their work, as the Directors of the Company well know and have often admitted.

After all, the increment of remuneration sanctioned by the Company to its agents falls far short of the remuneration that was being paid to the former agents, Messrs. Chrystal & Co. Besides, the Commission earned by Messrs. Sirur & Co up to the end of February 1913, averages only about Rs.5,220/- per annum or Rs.435/- per mensem which cannot be considered an adequate remuneration for the work of even a salaried manager under -- the Agents, let alone the responsible and onerous work of the Agents, including at times the raising of loans for the Company on their personal responsibility and at their personal-risk.

The increased remuneration sanctioned to the Agents, by the Company is not very excessive either. Several mill -- agents in Bombay get a commission of 3 pies per lb. irrespec-

tive of

of the Company's profits, although the modern tendency is to base the commission not on the production but on the net profits.

There are also instances of the Agents being allowed a fixed salary per mensem in addition to their commission. I do not think, therefore, that the increased commission sanctioned by the Company to its agents is unreasonable.

It was upon due consideration of all the above facts that the Directors of the Company sanctioned the revision of the scale of remuneration payable to the Coy.'s Agents. The consideration of the matter was not concluded in one meeting and the matter had to be adjourned for further consideration at the next meeting of the Board. In the end, the Directors thought it was very good of the Agents to agree to the revised scale, while they were entitled to the higher scale as was current during the former Agents' regime, and recommended the revision to the shareholders of the Company.

The shareholders of the Company who are the only people directly concerned with the Agents' remuneration having sanctioned the increment of commission payable to the Agent, I submit with due deference, for the reasons above stated, that, in my humble opinion, His Highness's Government should be graciously pleased not to interfere in the matter at this stage, even if they are advised that they have a legal right to do so, which, however, I very much doubt, for the reasons already stated in the first part of this memorandum.

K S Ramaswamy Jr.

Bombay, 23rd December 1913.

Bangalore.
4. Oct. 13.

Dear Mr. Chakravarti,

I have been out of Bombay for some time past, touring about in the Malabar District. Whence I returned here yesterday & found your letter of the 22nd Sept. last. (D.No. 119/BoR 308) awaiting me.

The contents of your letter have been noted by me and I shall be glad to render

you what assistance I can in the matter referred to by you, on my return to Bombay a fortnight hence. I am coming down to Mysore tonight. I think it will be better if I have a talk with you on the subject before I leave for Bombay.

Yours sincerely

K. S. Ramaswamy Iyer

No. B.Hr.111 & 4th August 1913.

1436/S/13

Disposal of Mysore Spinning & Manufacturing Company Shares.

Submitted to Dewan.

I beg to submit the following note for the Dewan's kind consideration and orders:-

2. At the time when the Maharaja of Mysore Spinning and Manufacturing Co., was started in Bangalore, the Government with a view to encourage this local industrial concern, purchased therein 250 shares of Rs.100/- each. This Company went into liquidation in 1894, after working for some years, and a new Company, viz., the present Mysore Spinning and Manufacturing Co. Ltd., was then started in its place. The shares held by Government in the old Company were then converted into shares in the new Company; but in consideration of the poor financial condition of the old Company at the time of liquidation, only shares of Rs.50/- each were received in the new Company, in place of 100 Rupee shares in the old one.

3. In addition to the shares of the value of Rs.12,500/- so obtained, 500 more shares of Rs.50 each were also purchased in the new Company as a sort of encouragement to it. Thus the Government held in the aggregate 750 shares of Rs.50 each, which were subsequently converted into 150 shares of Rs.250 each, the total value remaining the same and amounting to Rs.37,500.

4. The shares in the Company had hitherto, owing to the Company not declaring any dividend, no market value, the quotation being only nominal, about Rs.50 for shares of Rs.250/- each. The result of the last

few

few years' working of the Mills was very favourable, and the Directors have been able to declare a dividend of 6% this year and as a result thereof the market value of the shares has risen to about Rs. 265 according to the quotations in the latest issue of the "Times of India" Bombay.

5. Now that the shares are quoted at a premium, I propose to dispose of them by sale at such premium as we may be able to get and whenever convenient opportunities for sale present themselves.

6. I may point out that we are under no obligation to have shares in the Company, nor is it necessary to retain them to keep a control over their actions. Under the terms of the agreement recently entered into with the Company, it is bound to have two Government Directors and one Government Auditor so long as any portion of the 3 lakhs lent to it is due to Government and it is not therefore necessary to have any shares in it.

7. As it is better that Government should at the earliest opportunity withdraw themselves from participating in such Companies by holding shares in them, I beg that the proposal to sell them when favourable opportunities occur, (so that at least the par value may be realised) may be approved.

P. Chakravarthi
Comptroller.

1.8.13

COMPTROLLER'S OFFICE
CIVIL BRANCH,
17 SEP. 1913
BANGALORE.
MYSORE GOVT.

V.U.C

17 SEP 1913

Dewan's orders:-

"Para 7 of the Comptroller's note dt 4/8/1913 is approved"

Initialled. M. V.
11.9.13.

No. H 16 14 dt 16-9-13

4712-13

"Forwarded to the Comptroller for necessary action."

for Secretary.

Gl. 9 B]

COMPTROLLER'S OFFICE.

(CIVIL BRANCH.)

(Continuation Sheet draft form.)

No. 88 R 230 dy 2-9-1913.

Submitted to the Dewan

Urgent 4.5.

I beg to ~~state that~~ invite reference
to Rs 13 R 111 dy 31-7-13 on the subject
of Sale of Shares held by Govt in
the Mysore Spinning and
Manufacturing Co. Ltd, Bangalore
which was submitted to the
Dewan for orders on
31st July 1913. and I request
the favour of early orders
on the subject.

2 - SEP 1913

Comptroller

29.8.13

2-9-13

GPB—5,000—9-5-11

Revised draft for approval

NBR 111 8/31-7-13.

Gl. 9 B]

COMPTROLLER'S OFFICE.

(CIVIL BRANCH.)

(Continuation Sheet draft form.)

Subd to Dewan

9/31/17

I beg to submit the following note for the Dewan's kind consideration & orders:-

2. At the time when the Maharaja of Mysore Spinning and manufacturing Co. was started in Bangalore, the Govt. with a view to encourage this local industrial concern, purchased therein 250 shares of Rs 100/- each. This Company went into liquidation in 1896 after working for some years and a new Company viz the present Mysore Spinning & manufacturing Co. Ltd was then started in its place. The shares held by Govt. in the old Company were then converted into shares in the new Company, but in consideration of the poor financial condition

GPB—5,000—9-5-11

of the old Company at the time of liquidation, only Shares of Rs50/- each were received in the new Company in place of ~~Rs100/-~~ 100 Rupee Shares in the old one.

3. In addition to the shares of the value of Rs 12,500/- so obtained, 500 more shares of Rs 50 each were also purchased in the new Company as a sort of encouragement to it. Thus the Govt. held in the aggregate 750 Shares of Rs 50 each, which have subsequently converted into 150 Shares of Rs 250 each, the total value remaining the same and amounting to Rs 37,500/-

4. The Shares in the Co. had hitherto, owing to the Company not declaring any dividend, no market value, the quotation being only nominal i.e. Rs 50/-, for Shares of Rs 250/- each. The result

Gl. 9 B]

COMPTROLLER'S OFFICE.

(CIVIL BRANCH.)

(Continuation Sheet draft form.)

for

of the last year's working. The
mills was very favourable
and the directors have bee
able to declare a dividend
of 6% this year & as a result
there of the market value
of the shares has risen to
about 265 according to the
quotations in the latest issue
of the "Times of India" Bombay.
Now that the shares are
5. ~~Owing to the favourable~~
~~rates now~~ quoted at a premium ~~quotations now obtaining~~, I
propose to dispose of them shares
by ~~to~~ sale at such premium
as we may be able to get &
& whenever convenient opportunit
for sale present themselves.
6. I may point out
that we are under no obligation
to have shares in the Company
nor is it necessary to retain
them to keep a ~~close~~ control
over their actions. Under
the terms of the agreement

GPB—5,000—9-5-11

recently entered into with
the Company, ~~they are~~ it is bound
to have two Govt directors
and one Govt auditor so long
as any portion of the 3 lakhs
lent to it is due to Govt
and it is not therefore
necessary to have any shares
in it.

7. As it is better that Govt
shd at the ~~earliest~~ earliest
opportunity withdraw
themselves from participating
in such Companies by holding
shares in them, I beg that
the proposal to sell them
when favourable opportunities
occur, (so that at least the par value
may be realised) may be approved

30 JUL. 1913

Comptr

29/7/13

30-7-13

1.8.13